



General Assembly

February Session, 2006

***Raised Bill No. 5198***

LCO No. 1492

\* \_\_\_\_\_HB05198HS\_APP031506\_\_\_\_\_\*

Referred to Committee on Human Services

Introduced by:  
(HS)

***AN ACT CONCERNING STATE PAYMENTS TO HOSPITALS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 17b-239 of the 2006 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2006*):

4 (a) The rate to be paid by the state to hospitals receiving  
5 appropriations granted by the General Assembly and to freestanding  
6 chronic disease hospitals, providing services to persons aided or cared  
7 for by the state for routine services furnished to state patients, shall be  
8 based upon reasonable cost to such hospital, or the charge to the  
9 general public for ward services or the lowest charge for semiprivate  
10 services if the hospital has no ward facilities, imposed by such  
11 hospital, whichever is lowest, except to the extent, if any, that the  
12 commissioner determines that a greater amount is appropriate in the  
13 case of hospitals serving a disproportionate share of indigent patients.  
14 Such rate shall be promulgated annually by the Commissioner of  
15 Social Services. Nothing contained herein shall authorize a payment by  
16 the state for such services to any such hospital in excess of the charges  
17 made by such hospital for comparable services to the general public.

18 Notwithstanding the provisions of this section, for the rate period  
19 beginning July 1, 2000, rates paid to freestanding chronic disease  
20 hospitals and freestanding psychiatric hospitals shall be increased by  
21 three per cent. For the rate period beginning July 1, 2001, a  
22 freestanding chronic disease hospital or freestanding psychiatric  
23 hospital shall receive a rate that is two and one-half per cent more than  
24 the rate it received in the prior fiscal year and such rate shall remain  
25 effective until December 31, 2002. Effective January 1, 2003, a  
26 freestanding chronic disease hospital or freestanding psychiatric  
27 hospital shall receive a rate that is two per cent more than the rate it  
28 received in the prior fiscal year. Notwithstanding the provisions of this  
29 subsection, for the period commencing July 1, 2001, and ending June  
30 30, 2003, the commissioner may pay an additional total of no more  
31 than three hundred thousand dollars annually for services provided to  
32 long-term ventilator patients. For purposes of this subsection, "long-  
33 term ventilator patient" means any patient at a freestanding chronic  
34 disease hospital on a ventilator for a total of sixty days or more in any  
35 consecutive twelve-month period. Effective July 1, 2004, each  
36 freestanding chronic disease hospital shall receive a rate that is two per  
37 cent more than the rate it received in the prior fiscal year.

38 (b) Effective October 1, 1991, the rate to be paid by the state for the  
39 cost of special services rendered by such hospitals shall be established  
40 annually by the commissioner for each such hospital based on the  
41 reasonable cost to each hospital of such services furnished to state  
42 patients. Nothing contained herein shall authorize a payment by the  
43 state for such services to any such hospital in excess of the charges  
44 made by such hospital for comparable services to the general public.

45 (c) The term "reasonable cost" as used in this section means the cost  
46 of care furnished such patients by an efficient and economically  
47 operated facility, computed in accordance with accepted principles of  
48 hospital cost reimbursement. The commissioner may adjust the rate of  
49 payment established under the provisions of this section for the year  
50 during which services are furnished to reflect fluctuations in hospital

51 costs. Such adjustment may be made prospectively to cover anticipated  
52 fluctuations or may be made retroactive to any date subsequent to the  
53 date of the initial rate determination for such year or in such other  
54 manner as may be determined by the commissioner. In determining  
55 "reasonable cost" the commissioner may give due consideration to  
56 allowances for fully or partially unpaid bills, reasonable costs  
57 mandated by collective bargaining agreements with certified collective  
58 bargaining agents or other agreements between the employer and  
59 employees, provided "employees" shall not include persons employed  
60 as managers or chief administrators, requirements for working capital  
61 and cost of development of new services, including additions to and  
62 replacement of facilities and equipment. The commissioner shall not  
63 give consideration to amounts paid by the facilities to employees as  
64 salary, or to attorneys or consultants as fees, where the responsibility  
65 of the employees, attorneys or consultants is to persuade or seek to  
66 persuade the other employees of the facility to support or oppose  
67 unionization. Nothing in this subsection shall prohibit the  
68 commissioner from considering amounts paid for legal counsel related  
69 to the negotiation of collective bargaining agreements, the settlement  
70 of grievances or normal administration of labor relations.

71 (d) The state shall also pay to such hospitals for each outpatient  
72 clinic and emergency room visit a reasonable rate to be established  
73 annually by the commissioner for each hospital, such rate to be  
74 determined by the reasonable cost of such services. The emergency  
75 room visit rates in effect June 30, 1991, shall remain in effect through  
76 June 30, 1993, except those which would have been decreased effective  
77 July 1, 1991, or July 1, 1992, shall be decreased. Nothing contained  
78 herein shall authorize a payment by the state for such services to any  
79 hospital in excess of the charges made by such hospital for comparable  
80 services to the general public. For those outpatient hospital services  
81 paid on the basis of a ratio of cost to charges, the ratios in effect June  
82 30, 1991, shall be reduced effective July 1, 1991, by the most recent  
83 annual increase in the consumer price index for medical care. For those  
84 outpatient hospital services paid on the basis of a ratio of cost to

85 charges, the ratios computed to be effective July 1, 1994, shall be  
 86 reduced by the most recent annual increase in the consumer price  
 87 index for medical care. The emergency room visit rates in effect June  
 88 30, 1994, shall remain in effect through December 31, 1994. The  
 89 Commissioner of Social Services shall establish a fee schedule for  
 90 outpatient hospital services to be effective on and after January 1, 1995.  
 91 Except with respect to the rate periods beginning July 1, 1999, and July  
 92 1, 2000, such fee schedule shall be adjusted annually beginning July 1,  
 93 1996, to reflect necessary increases in the cost of services.  
 94 Notwithstanding the provisions of this subsection, the fee schedule for  
 95 the rate period beginning July 1, 2000, shall be increased by ten and  
 96 one-half per cent, effective June 1, 2001. Notwithstanding the  
 97 provisions of this subsection, outpatient rates in effect as of June 30,  
 98 2003, shall remain in effect through June 30, 2005. For the rate period  
 99 beginning July 1, 2006, and each succeeding rate period thereafter,  
 100 rates paid for outpatient clinic services and emergency room visits  
 101 shall be equal to rates in place for the preceding rate period, increased  
 102 by an inflation factor equal to the Medicare market basket inflation rate  
 103 as published in the Federal Register of the previous September.

104 (e) The commissioner shall adopt regulations, in accordance with  
 105 the provisions of chapter 54, establishing criteria for defining  
 106 emergency and nonemergency visits to hospital emergency rooms. All  
 107 nonemergency visits to hospital emergency rooms shall be paid at the  
 108 hospital's outpatient clinic services rate. Nothing contained in this  
 109 subsection or the regulations adopted hereunder shall authorize a  
 110 payment by the state for such services to any hospital in excess of the  
 111 charges made by such hospital for comparable services to the general  
 112 public.

113 (f) On and after October 1, 1984, the state shall pay to an acute care  
 114 general hospital for the inpatient care of a patient who no longer  
 115 requires acute care a rate determined by the following schedule: For  
 116 the first seven days following certification that the patient no longer  
 117 requires acute care the state shall pay the hospital at a rate of fifty per

118 cent of the hospital's actual cost; for the second seven-day period  
119 following certification that the patient no longer requires acute care the  
120 state shall pay seventy-five per cent of the hospital's actual cost; for the  
121 third seven-day period following certification that the patient no  
122 longer requires acute care and for any period of time thereafter, the  
123 state shall pay the hospital at a rate of one hundred per cent of the  
124 hospital's actual cost. On and after July 1, 1995, no payment shall be  
125 made by the state to an acute care general hospital for the inpatient  
126 care of a patient who no longer requires acute care and is eligible for  
127 Medicare unless the hospital does not obtain reimbursement from  
128 Medicare for that stay.

129 (g) (1) Effective June 1, 2001, the commissioner shall establish  
130 inpatient hospital rates in accordance with the method specified in  
131 regulations adopted pursuant to this section and applied for the rate  
132 period beginning October 1, 2000, except that the commissioner shall  
133 update each hospital's target amount per discharge to the actual  
134 allowable cost per discharge based upon the 1999 cost report filing  
135 multiplied by sixty-two and one-half per cent if such amount is higher  
136 than the target amount per discharge for the rate period beginning  
137 October 1, 2000, as adjusted for the ten per cent incentive identified in  
138 Section 4005 of Public Law 101-508. If a hospital's rate is increased  
139 pursuant to this subsection, the hospital shall not receive the ten per  
140 cent incentive identified in Section 4005 of Public Law 101-508. For rate  
141 periods beginning October 1, 2001, through March 31, 2008, the  
142 commissioner shall not apply an annual adjustment factor to the target  
143 amount per discharge. Effective April 1, 2005, the revised target  
144 amount per discharge for each hospital with a target amount per  
145 discharge less than three thousand seven hundred fifty dollars shall be  
146 three thousand seven hundred fifty dollars. Effective October 1, 2006,  
147 the revised target amount per discharge for each hospital with a target  
148 amount per discharge less than four thousand dollars shall be four  
149 thousand dollars. Effective October 1, 2007, the revised target amount  
150 per discharge for each hospital with a target amount per discharge less  
151 than four thousand two hundred fifty dollars shall be four thousand

152 two hundred fifty dollars.

153 (2) Notwithstanding the provisions subdivision (1) of this  
 154 subsection, for the rate period beginning October 1, 2006, and for each  
 155 succeeding rate period thereafter, the minimum target amount per  
 156 discharge set forth in this subsection shall be increased by an inflation  
 157 factor equal to the Medicare market basket inflation rate as published  
 158 in the Federal Register of the previous September, and hospitals not  
 159 receiving the minimum target amount per discharge shall have their  
 160 current target amount per discharge increased by an inflation factor  
 161 equal to the Medicare market basket inflation rate as published in the  
 162 Federal Register of the previous September.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2006	17b-239
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***HS***

***Joint Favorable C/R***

***APP***